

PRUDENTIAL
Assurance Company Limited.



DIRECTORS' REPORT
AND
STATEMENT OF ACCOUNTS

At 31st December, 1905.

PRUDENTIAL ASSURANCE COMPANY

LIMITED.

FIFTY-SEVENTH ANNUAL REPORT,

FOR THE YEAR ENDING 31ST DECEMBER, 1905.

THE DIRECTORS have much pleasure in presenting their Report and Accounts for the year 1905.

ORDINARY BRANCH.—The number of Policies issued during the year was 75,293, assuring the sum of £7,211,427 and producing a New Annual Premium Income of £395,029.

The Premiums received during the year were £4,123,318, being an increase of £154,302 over the year 1904.

The Claims of the year amounted to £1,812,618. The number of Deaths was 7,437, and 7,775 Endowment Assurances matured.

The number of Policies in force at the end of the year was 773,051.

INDUSTRIAL BRANCH.—The Premiums received during the year were £6,139,050, being an increase of £159,715.

The Claims of the year amounted to £2,261,748. The number of Deaths was 238,220, and 3,344 Endowment Assurances matured.

The number of Free Policies granted during the year to those Policyholders of five years' standing and upwards who desired to discontinue their payments, was 123,586, the number in force being 1,102,267. The number of Free Policies which became Claims during the year was 24,698.

The total number of Policies in force at the end of the year was 16,065,268: their average duration is eleven years.

The assets of the Company, in both branches, as shewn in the Balance Sheet, are £59,464,376, being an increase of £4,104,871 over those of 1904.

The Staff Provident Fund, which was founded in 1898 for the benefit of the outdoor staff, shews a satisfactory increase for the year, the total amount standing to the credit of the fund being £148,941.

For the valuation the same mortality tables and rate of interest have been used as in previous years, namely, in the Ordinary Branch, the Institute of Actuaries (H.M.) Table of Mortality for the life risks, and Mr. Finlaison's Government Annuity Table 1884 for the annuities, and in the Industrial Branch, Dr. Farr's English Life Table No. 3. The net premiums only have been valued in both branches, the rate of interest in each case being 3 per cent.

The Valuation has as usual been made by Mr. SCHOOLING.

In the ORDINARY BRANCH the surplus shewn is £1,187,149, including the sum of £176,249 brought forward from last year. Out of this surplus the Directors have added £150,000 to the Investments Reserve Fund, which stands as at 31st December, 1905, at £950,000.

In the INDUSTRIAL BRANCH the surplus shewn is £967,709, including the sum of £385,398 brought forward from last year. Out of this surplus the Directors have added £250,000 to the Reserve Fund, which stands as at 31st December, 1905, at £1,750,000.

The total surplus of the two branches, as shewn by the valuation, is thus £2,154,858, which is disposed of as follows: £150,000 has been added to the Investments Reserve Fund of the Ordinary Branch, and £250,000 has been added to the Reserve Fund of the Industrial Branch; £1,227,647 is distributable among the participating Policyholders and Shareholders, in accordance with the Regulations of the Company under its special Act of Parliament, leaving £527,211 to be carried forward, namely, £186,652 in the Ordinary Branch and £340,559 in the Industrial Branch.

Since the completion of the Valuation the Actuary has reported that in his opinion a general increase of *two-and-a-half per cent.* could, with safety, be granted under the principal Industrial Branch Tables if provision were made for an increase in the liability of £750,000. The Board have accordingly revised the Tables as from 1st March, 1906, and have made provision to meet the increased liability by the transfer during the current year of £750,000 from the Reserve Fund to the Life Assurance Fund in the Industrial Branch, leaving this Reserve Fund at £1,000,000. The Shareholders will be glad to know that this revision affects nearly Thirteen Million Policies, and of this number over Ten Million Policies receive an immediate increase in the sum assured.

It is with the deepest regret that the Directors have to report the death of Mr. EDGAR HORNE, their late respected Chairman, who was one of the founders of the Company, a Director for fifty-eight years and Chairman for twenty-eight years.

The Board have elected as their Chairman, Sir HENRY HARBEN.

The vacancy in the Directorate has been filled by the appointment of Sir JOHN HENRY LUSCOMBE, late Chairman of Lloyds, a qualified Shareholder, and his election will be submitted to the Shareholders for confirmation.

The retiring Directors are Sir HENRY HARBEN and Messrs. PUGH and LANCASTER, who offer themselves for re-election.

The Auditors, Messrs. SECRETAN and NICHOLLS, also offer themselves for re-election.

Messrs. DELOITTE, PLENDER, GRIFFITHS & Co. have examined the Securities, and their certificate is appended to the Balance Sheets.

HENRY HARBEN,
Chairman.

HOLBORN BARS,
15th February, 1906.

GENERAL BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED,
BEING THE SUMMARY OF BOTH BRANCHES, ON THE 31ST DECEMBER, 1905.

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Shareholders' capital	1,000,000	0	0	British Government securities	3,352,182	13	9
Reserve funds	2,700,000	0	0	Indian and Colonial government securities	5,292,114	14	2
Life Assurance funds	55,633,131	14	10	Railway and other debentures and debenture stocks and gold and sterling bonds	6,133,775	5	1
Claims under life policies admitted	131,244	10	8	Loans on County Council, Municipal, and other rates	13,819,468	10	2
				Freehold ground rents, and Scotch feu duties	3,860,399	6	4
				Freehold and leasehold property	3,685,329	4	2
				Mortgages on property within the United Kingdom	7,609,760	5	7
				Railway, Gas, and Water stocks	7,581,357	0	4
				Suez Canal shares	164,883	9	4
				Telegraph and other shares	97,623	6	4
				Metropolitan Consolidated stock, and City of London bonds	258,717	2	11
				Bank of England stock	200,559	18	6
				Colonial and Foreign corporation stocks	1,419,012	13	6
				Foreign government securities	1,294,215	0	7
				Reversions and Life Interests	1,161,978	18	5
				Loans on the company's policies	2,134,509	8	7
				Rent charges	297,298	2	4
				Outstanding premiums, and agents' balances	425,667	19	2
				Outstanding interest, and rents	508,463	10	9
				Cash—In hands of superintendents	34,653	11	5
				Do. On current accounts, and in hand	132,406	4	1
	<u>£59,464,376</u>	<u>5</u>	<u>6</u>		<u>£59,464,376</u>	<u>5</u>	<u>6</u>

THOS. C. DEWEY, *General Manager.*

FREDERICK SCHOOLING, *Actuary.*

D. W. STABLE, *Secretary.*

HENRY HARBEN, *Chairman.*

W. J. LANCASTER, }
W. E. HORNE, } *Directors.*

We beg to report that, with the assistance of the Chartered Accountants as stated below, we have examined the foregoing accounts and in our opinion they are correct, and the foregoing is a full and fair Balance Sheet properly drawn up, and exhibits a true and correct view of the state of the Company's affairs as shown by the books of the Company.

In accordance with the provisions of "The Companies Act, 1900," we certify that all our requirements as Auditors have been complied with.

PHILIP SECRETAN, }
W. H. NICHOLLS, } *Auditors.*

We have examined the Cash transactions (receipts and payments) affecting the accounts of the Assets and Investments for the year ended December 31st, 1905, and we find the same in good order and properly vouched. We have also examined the Deeds and Securities, Certificates, &c., representing the Assets and Investments set out in the above account, and we certify that they were in possession and safe custody as on December 31st, 1905.

14th February, 1906.

DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNTS OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (ORDINARY BRANCH)

FOR THE YEAR ENDING 31ST DECEMBER, 1905.

(No. 1) LIFE ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of life assurance fund at the beginning of the year	£29,441,862	5	7	Claims under life policies (after deduction of sums re-assured):—			
<i>Less</i> amount transferred to the Industrial Branch, being proportion of profits	79,849	0	0	By Deaths	£929,743	18	7
	29,362,013	5	7	By Endowments matured	882,874	6	0
Premiums, after deduction of re-assurance premiums	4,123,318	14	2	Surrenders			1,812,618 4 7
Consideration for annuities granted	100,039	5	2	Cash bonus to policyholders			314,905 4 6
Interest	1,043,677	3	2	Annuities			102,332 7 0
	£34,629,048	8	1	Commission			104,282 19 0
				Expenses of management			248,963 14 3
				Amount written off Indian Railway stocks in course of purchase by Government			107,780 14 2
				Amount transferred to investments reserve fund			130,000 0 0
				Amount of life assurance fund at the end of the year, as per Fourth Schedule			150,000 0 0
							31,658,165 4 7
							£34,629,048 8 1

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(No. 2) SICKNESS ASSURANCE ACCOUNT.

	£	s.	d.		£	s.	d.
Amount of sickness assurance fund at the beginning of the year	570	9	8	Claims	50	10	0
Premiums	9	18	1	Commission and expenses	0	17	2
Interest	20	2	6	Sickness assurance fund at the end of the year as per Fourth Schedule	549	3	1
	£600	10	3				£600 10 3

LIFE ASSURANCE COMPANIES ACT, 1870.—THIRD SCHEDULE.

REVENUE ACCOUNT OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)
FOR THE YEAR ENDING 31ST DECEMBER, 1905.

LIFE ASSURANCE ACCOUNT.					
	£ s. d.			£ s. d.	
Amount of life assurance fund at the beginning of the year ...	£22,469,135	11 9		Claims under life policies ...	2,261,748 13 6
Amount transferred from Ordinary Branch under Regulations of the company ...	79,849	0 0		Surrenders ...	59,399 13 5
			22,548,984	Commission :—	
Premiums ...			6,139,050	Salaries of 16,234 agents for the weekly collection of premium from 14,963,001 policies	£1,125,334 18 8
Interest and rents ...			818,198	Special New business charges ...	549,379 1 5
					1,674,714 0 1
				Expenses of management :—	
				Policy, postage, and receipt stamps (Head Office only) ...	£71,663 9 1
				Superintendency charges ...	207,021 10 6
				Medical Fees ...	52,830 12 1
				Head Office expenses ...	444,438 5 11
					775,953 17 7
				Dividends and bonus to shareholders ...	510,000 0 0
				Amount transferred to reserve fund ...	250,000 0 0
				Amount of life assurance fund at the end of the year as per Fourth Schedule ...	23,974,417 7 2
			£29,506,233		£29,506,233
			11 9		11 9

LIFE ASSURANCE COMPANIES ACT, 1870.—FOURTH SCHEDULE.

BALANCE SHEET OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED (INDUSTRIAL BRANCH)

ON THE 31ST DECEMBER, 1905.

LIABILITIES.				£	s.	d.	ASSETS.				£	s.	d.
Shareholders' capital	...	...	£1,000,000	0	0		Mortgages on property within the United Kingdom	...	1,915,762	9	7		
Life assurance fund	...	...	23,974,417	7	2		Loans on County Council, Municipal and other rates	...	9,558,493	5	8		
Reserve fund	...	...	1,750,000	0	0		Investments :—						
						26,724,417	7	2	In British Government securities	...	1,932,155	0	4
Claims under life policies admitted	...	...				2,943	18	0	City of London corporation bonds	...	86,697	11	9
									Indian and Colonial government securities	...	278,845	11	0
									Colonial corporation stocks	...	234,213	9	3
									Foreign government securities	...	229,426	3	6
									Railway and other debentures and debenture stocks and gold and sterling bonds	...	3,262,728	2	6
									Railway preference and guaranteed stocks	...	1,066,428	11	5
									Freehold ground rents and Scotch feu duties	...	3,860,399	6	4
									House Property—				
									Freehold	...	£3,419,799	4	2
									Leasehold	...	265,530	0	0
											3,685,329	4	2
									Agents' balances	...	4,586	11	11
									Outstanding premiums	...	241,364	4	2
									Outstanding interest and rents	...	258,943	9	3
									Cash—In hands of superintendents	...	34,653	11	5
									Do. On current accounts and in hand	...	77,334	12	11
						£26,727,361	5	2			£26,727,361	5	2

THOS. C. DEWEY, *General Manager.*FREDERICK SCHOOLING, *Actuary.*D. W. STABLE, *Secretary.*HENRY HARBEN, *Chairman.*W. J. LANCASTER, }
W. E. HORNE, } *Directors.*

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DELOITTE, PLENDER, GRIFFITHS & Co., *Chartered Accountants.*